

HB 4674 Long Term Care Financing Study

Testimony of Sarah Slocum, Altarum. October 25, 2017 before the House Committee on Health Policy

Chairman Vaupel and members of the committee, thank you for holding this hearing on a critically important topic – planning for long term care in Michigan.

My name is Sarah Slocum and I am a Health Policy Analyst at the Altarum Center for Eldercare and Advanced Illness. I joined Altarum a year ago, and prior to that I served as Michigan's State Long Term Care Ombudsman where I was the chief advocate for residents of Michigan's licensed long term care facilities. I have also served as director of Michigan's Medicare Medicaid Assistance Program in the 1990's and early 2000's and worked at AARP on long term care policy. At Altarum, we are focused on finding better and more affordable ways to provide eldercare.

Altarum is a national nonprofit whose mission is to create a better, more sustainable future through ideas and action that transform American health and health care. Altarum's headquarters are here in Ann Arbor, with a significant presence in DC and projects based in numerous other states. We are engaged in many research and demonstration efforts to help public and private sector stakeholders develop and implement meaningful and affordable solutions to some of the most difficult problems in healthcare.

The current environment of long term care in Michigan includes over 40,000 nursing home beds in about 430 facilities, another 40,000 beds in about 4,500 Adult Foster Care Homes, and 10,000 beds in about 190 Homes for the Aged. An unknown number of unlicensed Assisted Living facilities operate in Michigan and we don't know how many people live in them. Additionally, Medicaid funded community based care serves just over 11,000 people through MI Choice home and community based services and over 3,000 more through 10 PACE organizations. PACE stands for Program for All Inclusive Care for the Elderly. In addition to these facilities and community programs, there is an unknown number of people getting care through visiting nursing services, private duty home care, and other unlicensed businesses offering various services.

Michigan is home to nearly 1.9 million Medicare beneficiaries, of whom almost 300,000 are also eligible for Medicaid. Experts estimate that 20% of this 1.9 million people will need long term care at some point in their lives – that is 380,000 people and that is today's population. Elders are the fastest growing segment of the population, and the need for long term care will only increase.

To put some financial parameters around this discussion, nursing home care costs Michigan's



with options that are driven by financing, not personal preference or the best setting and services for them, and the state is faced with an ever growing Medicaid expenditure as the only payment option outside of private payment or traditional long term care insurance, which has had low uptake in Michigan, as in other states.

These options do not satisfy any of the stakeholders. Consumers face lack of choice and impoverishment, insurers have a product they cannot sell and that is often not actuarially sound, and government deals with an ever-expanding Medicaid budget. Altarum has already researched and published in Milliman a study of one mechanism to create self-sustaining community care systems. We use a model called MediCaring Communities™. We looked at communities in four different states and found that by coordinating care and the supply and type of care, reinvestment of savings can actually fund more services. The MediCaring Communities™ model uses geographically based population health concepts to measure and assess the needs and supply of services in an area and works with a local group of leaders to assure that the needed services are available and affordable to keep elders' functional status higher and prevent expensive hospital and institutional care. We are currently testing several of these components in collaboration with the Huron Valley PACE organization in Ypsilanti, MI to find ways to serve more groups of currently underserved elders. Our aim is to demonstrate that rational models of care and financing are very possible. Michigan needs to study and then enact changes to what is now an unaffordable (individually and to society) and often ineffective system. A study is long overdue to find real workable solutions to long term care financing and Altarum applauds the introduction of this bill.

Altarum not only strongly supports House Bill 4674, but stands ready to bring our research, economic, and policy expertise to the table. We hope you will act quickly to pass this bill on to the full House and then the Senate so that Michigan can move forward quickly and constructively to establish reasonable, workable, financially stable options for long term care.